

MARINE CARGO INSURANCE TERMS AND CONDITIONS

Effective from: 21 December, 2016

**Noncommittal translation. In case of questions of interpretation or legal disputes,
the Hungarian text shall prevail**

Form No.: 24639



GENERALI

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Special terms and conditions of Marine Cargo Insurance

The insurance contract shall include the provisions set out in the Customer Information and General Provisions Governing Insurance Policies, the General Terms and Conditions of Property Damage Insurance and of the special terms and conditions, as well as the statements made by the policyholder/insured and their answers to the questions of the insurer.

In matters not covered by these terms and conditions, provisions of the Customer Information and General Provisions Governing Insurance Policies, the General Terms and Conditions of Property Damage Insurance, the Hungarian Civil Code and the current provisions of the Hungarian laws and regulations shall prevail. In the event of any discrepancy between these terms and conditions and the provisions of the Customer Information and General Provisions Governing Insurance Policies or the General Terms and Conditions of Property Damage Insurance forming part of the contract, the provisions of these Conditions shall prevail.

I. SUBJECT OF THE INSURANCE CONTRACT AND DEROGATING PROVISIONS APPLICABLE TO THE POLICYHOLDER

I.1. Subject matter of the insurance

Under the insurance policy concluded on the basis of these terms and conditions Generali Biztosító Zrt. (hereinafter referred to as „the insurer”) undertakes to indemnify the insured for the sudden and accidental damage to the insured property occurring in the normal course and during transport within the geographical scope of the policy, in the manner and to the extent detailed below, against payment of the insurance premium.

I.2. Policyholder

Only persons or organisations other than consumers may become policyholders to any contract concluded under these terms and conditions (point I.2. of the GTC (ÁVF)).

I.3. Insured

Insured is the owner of the property transported in any and all cases.

II. BEGINNING, TERMINATION AND TERRITORIAL SCOPE OF COVERAGE

II.1. Beginning of coverage

The insurance cover provided by the insurer in respect of a given transport begins when the insured property (cargo) is moved in a condition ready for shipment from a warehouse or storage place at the location specified in the insurance policy for immediate removal.

II.2. Temporal scope of the coverage

This insurance covers the entire duration of normal transport, including forced transshipments, as well as storage, diversions and delays in transport outside the control of the insured.

II.3. Termination of coverage

The insurance cover provided by the insurer terminates when the cargo is delivered to the final warehouse or storage place at the place of destination indicated in the insurance policy. Delivery means the completion of the unloading from or loading into the means of transport of the goods at the place of destination or warehouse.

II.4. Termination of coverage in the case of export by sea

In the case of export goods transported by sea, if the insured route ends at the port of departure, the coverage provided by the insurer terminates at the time, unless otherwise agreed, when the goods are loaded at the port of loading, passing over the ship's barrier (FOB parity), but not later than 30 days after arrival at the port.

II.5. Derogating rules of coverage in the case of maritime transport

In the case of maritime transport, the coverage provided by the insurer expires no later than 60 days after the date of unloading of the cargo from the sea vessel at the port of final destination, unless this period has been extended by separate written agreement between the parties before expiry.

II.6. Derogating rules of coverage for goods carried in bulk and in containers

In the case of goods transported in bulk or in containers, the coverage begins when the insured goods are loaded into the vehicle or container for immediate carriage and terminates when unloading begins at the place of destination indicated in the insurance policy.

II.7. Limitation of the insurer's coverage

In the case of own transports (i.e. where the transport of the insured goods is carried out by the policyholder or the insured itself), the coverage provided by the insurer shall not be extended to the period when the normal course of transport is interrupted for reasons not being directly in connection therewith, or for reasons which are not usual and necessary, and the means of transport is left without direct custody.

In particular, the following are considered to be waiting periods in connection with the normal course of transport: delivery, receipt of the goods, the handling of the related administration, the normal duration of personal needs, taking the compulsory rest period in accordance with the regulations, during which the insurance cover is maintained.

III. SUM INSURED

III.1. Limit of the insurer's liability

The sum insured is the upper limit of the service provided by the insurer.

The cargo is considered insured up to the amount specified by the policyholder (sum insured), which, unless otherwise agreed, shall not exceed the certified fair value of the cargo (typically the invoice value) at the time of the insurance proposal.

In the case of international shipments, in addition to the value of the cargo, freight charges and other foreseeable costs associated with the transport (such as customs duties or marine cargo insurance premiums) may be insured, and a maximum of 10% excess insurance cover may be applied to the total sum insured (for anticipated profit).

III.2. Underinsurance

If, in the case of domestic cargos the sum insured, and in the case of international cargos the value of the goods declared within the sum insured is lower than the actual value of the insured goods, the insurer will provide a (pro rata) service in proportion to the ratio of the declared value to the actual value.

III.3. Over-insurance

If the sum of the insured costs (freight and other charges) and the insured sum calculated without an excess insurance cover, is higher than the real value of the goods insured, the agreement on the sum insured for the part exceeding the real value of the goods is null and void and the premium shall be reduced accordingly.

IV. TYPES OF CONTRACTS, PAYMENT OF THE PREMIUM

The insurance policy can be concluded in accordance with the following types of contracts.

IV.1. Single cargo policy

A so-called single cargo policy is a contract for a fixed term and covers a single transport of a certain cargo between the place of departure and the place of destination.

IV.2. Open cover policy

The open cover policy provides insurance cover for all the insured's cargos within the insured period.

IV.2.1. Advance premium

The insurer will set an advance premium based on the information provided by the policyholder/insured. The advance premium (advance payment) is paid according to the schedule set out in the policy, with each instalment (or annual premium) due on the first day of the period to which it relates.

IV.2.2. Exclusion of changes to the advance premium within the policy year

The advance premium set out in the contract may be amended, at the initiative of the policyholder/insured, on the renewal date of the policy year following the date of the initiative.

IV.2.3. Calculation of the total insurance premium

The total insurance premium is calculated on the basis of the actual turnover (sum insured of the transports made) reported by the policyholder/insured, according to the rates set out in the policy.

The difference between the total premium and the advance premium (or advance payment) paid will be settled between the parties in accordance with the schedule set out in the policy.

IV.2.4. Settlement of the premium

If the advance annual premium paid exceeds the total annual premium calculated on the basis of the actual turnover, the insurer will refund the excess payment to the policyholder within 30 days of the renewal date, unless otherwise agreed, provided that the necessary information has been provided.

IV.2.5. The basic insurance premium

Instead of or in addition to the advance premium, the insurer may also expect a basic premium (minimum premium) in return for the acceptance of the risk, which is fixed by the parties in a separate agreement or in the insurance proposal. The policyholder shall not be entitled to any reimbursement of the basic premium of the insurance policy, which shall be payable irrespective of the trend of its turnover. The policyholder shall not be entitled to reimbursement of the basic premium of the insurance policy even if the contract also contained an agreement on the reimbursement of the premium depending on the loss ratio.

IV.2.6. Turnover report

The policyholder/insured shall report the actual turnover/sum insured to the insurer at agreed time intervals. Notification of transports may be made as follows:

IV.2.6.1. Prior notification

The inclusion of each cargo in the insurance cover is based on the notification of the cargo to the address of the administrative unit of the insurer indicated in the insurance policy, the policyholder/insured shall therefore notify the insurer in writing of the details of each cargo (typically in the form of an insurance proposal) covered by the open policy at least 24 hours before the start of the transport, unless otherwise agreed in writing.

Cargos not declared as above are not covered.

IV.2.6.2. Ex post notification

The policyholder/insured shall report the actual turnover/sum insured ex-post, at the intervals specified in the policy, to the address of the administrative unit specified in the insurance policy, by the 15th day of the month following the relevant period at the latest.

In the event of failing to do so, the insurer's obligation to provide insurance services in respect of an insured event shall not become due until the policyholder has made the notification and paid the premium payable on the basis thereof.

IV.2.7. Settlement

Based on the notifications, the insurer will prepare a statement of the actual turnover on an agreed schedule and collect the difference between the premium calculated on the basis of the actual turnover and the advance premium. (Unless otherwise agreed, the turnover reported in foreign currency will be converted at the MNB middle rate of exchange of the last day of the relevant settlement period.)

V. SCOPE OF THE INSURER'S COVERAGE, TYPES OF THE INSURANCE COVER

The insurance policy can be concluded with a cover for All risks or Named perils, depending on the agreement of the parties.

V.1. All risks cover

V.1.1. Insured event

Under the All risks cover, the insurer provides cover for all unforeseeable, unexpected and accidental events occurring during the insured period in connection with the normal course of transport and resulting in damage to the goods transported, with the exception of the exclusions detailed in point VIII.

V.1.2. Insurable goods

Unless otherwise agreed, insurance with an All risks cover may only be concluded in respect of and cover new goods which are packaged and transported in accordance with the nature of the goods, commercial and transport customs and regulations.

V.2. Named perils cover (limited cover)

V.2.1. Insured perils included in the basic cover

- V.2.1.1. The insurer undertakes to indemnify the insured in respect of the insured cargo against partial or total loss resulting from any loss or damage being in connection with the transport and arising from the following perils:
- **an accident to a means of transport**, including overturning, derailment, collision with each other or with a fixed object, or with a floating object (including ice) in the case of ships, immobility, capsizing, sinking, stranding, grounding of ships, grounding of aircrafts or parts thereof and shipwreck,
 - **fire, lightning, explosion,**
 - **rock fall and stone fall,**
 - **landslide, earthquake, flood and other natural disasters, collapse and demolition of bridges, collapse of structures.**

(For a definition of each peril, see Chapter XIV.)

- V.2.1.2. In the case of maritime and river transport, the insurer also undertakes to indemnify the insured for damage caused by the insured cargo **falling into or being carried away** by water.

- V.2.1.3. The insurance also covers damage to goods transported under the deck of the vessel due to **water ingress**.

V.2.2. Additional cover for theft

By separate agreement, and subject to payment of an additional premium, the above basic cover may be supplemented by the peril of theft of the entire cargo or entire package units (colli).

V.3. Specific applicability of conditions in accordance with international marine cargo insurance practice

The scope of the coverage provided by the insurer may be agreed by the parties on such **terms and conditions** other than those set out above, which are **generally accepted in international marine cargo insurance practice**. Such an agreement may only be concluded in writing.

V.4. General Average

The insurer will reimburse general average expenses and contributions, as well as the necessary and reasonable costs of claims assessment.

The insurer is obliged, at the request of the insured, to provide security for the amount to be paid within the limit of the sum insured.

In the event of general average claims, the insurer will reimburse the amount payable up to the sum insured.

VI. ADDITIONAL PERILS

For international cargos, insurance cover may be extended to the following perils by special agreement, subject to an additional premium:

- War perils (WAR) Endorsement SZZ61
- Strike (SRCC) Endorsement SZZ62
- Cooling equipment breakdown (Breakdown) Endorsement SZZ63
- Pre-, post- and intermediate storage endorsement SZZ64.

In the event of the acceptance of supplementary endorsements, the provisions of these general terms and conditions shall prevail unchanged and the parties shall derogate from them only in accordance with and within the limits of the provisions set out in the endorsement.

VII. SERVICES OF THE INSURER

VII.1. If an insured event occurs, the insurer will reimburse:

- a) any loss or damage to the damaged or lost package unit (or entire cargo) and, in the case of international cargos, the costs incurred and justified in connection with the transport (customs duties, freight charges, etc.), in proportion to the value thereof, provided that they were included in the sum insured fixed in the policy and also a part of the amount of the excess sum insured in proportion to the loss of goods.
- b) any costs of repair in the case of repairable damage. The amount to be reimbursed shall not, however, exceed the cost of replacing or repairing the damaged part(s) with other(s) of similar quality, age and condition, plus transportation and installation charges. **The cost of customs duty shall be reimbursed only if it was included in the sum insured under the insurance policy. Extra costs for emergency repairs and transport related to recovery shall only be reimbursed if the insurer has given its prior written consent. If the restoration can only be executed by increasing the value of the damaged property, the amount of the increase in value shall be deducted from the amount of the restoration when calculating the amount of the insurance service.**
- c) in the case of goods that cannot be restored but can be sold at a reduced price, the difference between the sum insured and the reduced selling price.
- d) any expenses which the insured could reasonably have incurred in order to rescue the cargo, to avert imminent damage thereto and to mitigate any damage suffered, provided that the damage itself shall be compensated under the terms of this insurance,
- e) the necessary costs of assessing the damage, provided that the damage itself shall be compensated under the terms of this insurance,
- f) in the case of waterborne transport, the general average costs and contributions, the sacrifices made, and damage caused in respect of the general average claim. In the case of general average claims, the insurer will, at the request of the insured, provide security for the amount to be paid up to the limit of the sum insured.

In the event of loss or damage to cargos which are functionally integrated ((stocks, production lines, etc.), only the damaged part will be compensated.

VII.2. Reimbursement of costs incurred on the basis of calls for mitigation by the insurer

The insurer will reimburse the costs incurred as a result of the insurer's instructions over and above the sum insured, even if these amounts, together with the compensation, exceed the sum insured.

VII.3. Items reducing the insurance service

VII.3.1. Value of residuals

In any case, the residual value of the damaged or replaced parts will be deducted from the amount of the insurance service.

VII.3.2. Deductible

The amount of the insurance service may be reduced by a deductible if separately agreed.

VII.3.3. Compensated damages

The insurer is not obliged to pay compensation for any loss or damage that have already been compensated when the insurance service becomes due, in particular those that have been compensated by the person or entity who caused the damage.

VII.3.4. Insurance premium arrears

Until payment of the insurance service the insurer is entitled to deduct any premiums due under this policy from its compensation.

VII.4. Method of providing insurance service by the insurer

The insurer pays the amount of the insurance service, after deducting any received damages from third parties and the deductible agreed in the policy, in HUF for insureds resident in Hungary, and in the case of international marine cargo insurance and foreign insureds in the currency indicated on the policy schedule (taking into account the foreign exchange middle rate of the National Bank of Hungary at the time of loss).

The insurer shall pay the reimbursable costs together with the insurance service to be provided to the insured in respect of the cargo loss.

VII.5. Insurer's right of recourse

In exchange for the insurance service, all rights and claims of the insured against third parties arising from the loss are transferred to the insurer up to the amount and its contributions paid. The policyholder/insured shall be obliged to facilitate the enforcement of the insurer's right of recourse in all reasonable and possible ways.

VII.5.1. Prohibition of waiving rights against the party causing the damage

The insured's withdrawal of rights against the party causing the damage constitutes a serious breach of contract, as it jeopardises the insurer's right of recourse.

VII.5.2. Endangering the insurer's right of recourse by the insured

If the insured waives its right to claim compensation from the party causing the damage or if the recovery fails due to its own fault (failure to meet the deadline for asserting a claim against a third party, failure to provide the insurer with the necessary data, etc.), the insurer is entitled to reduce its insurance service by the total (or partial) value of the recoverable amount that has become unenforceable. In the event that the insurer has already paid its insurance service, the insured shall be obliged to repay all or part of the service received within 15 days of the insurer's request.

VII.6. Multiple insurance

If the policyholder (insured) already has a property insurance contract with another insurer for the same property(ies) and against the same perils at the time of conclusion of the contract (multiple insurance), the insurer will only provide insurance cover for losses not covered under the other (previous) insurance policy, provided that they arise from an insured event as defined in these terms and conditions.

VIII. EXCLUSIONS

VIII.1. In the case of a policy concluded on the basis of these terms and conditions, the insurance cover does not extend to any loss or damage resulting from or in connection with the following perils, unless otherwise agreed:

- a) war, acts of war, hostile acts of a foreign power, injuries caused by abandoned grenades, torpedoes, bombs and other munitions of war, piracy, civil war, civil disturbances, demonstrations, riots, looting, marches, strikes, industrial disturbances, sabotage, acts of terrorism (XIV.2.) and barratry (mutiny, shipwrecking).
- b) seizure, confiscation, interception, detention or destruction of the cargo by order of the authorities,
- c) loss or damage that occurs due to the absence or incompleteness of the necessary packaging
- d) loss or damage to goods inside intact packaging,
- e) loss or damage resulting from the specific nature of the cargo (in particular drying, shrinkage, weight loss, etc.),
- f) mould, fermentation, freezing, melting, internal deterioration of the goods transported, unless such damage is the result of a named insured peril,
- g) loss or damage caused by rodents and insects, worms or other pests,
- h) loss or damage caused by spontaneous combustion of the insured goods,
- i) loss or damage due to humidity and/or temperature fluctuations (e.g. condensation dampening, frowstiness),
- j) in the case of carriage on open means of transport, loss or damage arising in connection therewith, in particular hail, drenching, damp and any consequential loss thereof, rust, corrosion, scratches, abrasions and other aesthetic damage,
- k) loss or damage in the form of warping, buckling and other deformations, if they have occurred without the occurrence of an insured event and in the absence of a proven and visible external cause,
- l) indirect losses resulting from transport delays or any other cause, such as penalties, fines, exchange rates, interest, price fluctuations and cyclical losses, foreclosure costs, even if they are incurred in connection with an insured event,
- m) consequential loss related to the transport of or damage to the insured goods (personal injury, environmental pollution, nominal depreciation of the value of the goods in the case of repairable damage, deterioration in quality, etc.),
- n) damage to and loss of containers in the case of containerised goods,
- o) consequential loss caused by defects in design, workmanship, materials and similar latent defects,
- p) loss or damage related to the direct and indirect winter hazards of inland water transport,
- q) damage caused by the insolvency of the policyholder or the insured or of the agents involved in the transport,
- r) direct and indirect damage caused by a nuclear explosion, radioactive radiation or pollution, irrespective of its cause,
- s) loss or damage caused directly or indirectly by any nuclear, chemical, biological, biochemical or electromagnetic weapons, even if the insurance policy has been concluded with an extension to war perils (SZZ61),
- t) in the case of the transport of computer equipment and media, loss or damage resulting from data loss, even if it occurs in connection with an insured event,
- u) loss or damage caused by mechanical, electrical or electronic breakdown or malfunctioning of the insured property, unless it is proven that such loss or damage occurred during transport as a result of the occurrence of a proven insured event,
- v) loss or damage to goods resulting from incorrect date or data recognition or incorrect handling of a computer, electronic device, chip, system or software,
- w) loss or damage to goods arising in connection with the use or operation of a computer, computer system, computer program, virus or process or any other electronic system used with the intent and as a tool of causing damage,
- x) any form of loss or damage to goods in connection with asbestos,
- y) loss or damage to goods caused by the transmission of pollutants, toxic or other harmful substances through the air and/or through the packaging of the insured goods, excluding smoke and soot pollution caused by fire,
- z) perils, damages and claims arising out of or in any way connected with such conduct or activities that are contrary to UN prohibitions, restrictions or economic or trade sanctions or legal norms of the European Union, the United Kingdom or the United States of America.

VIII.2. The insurance cover provided by the insurer shall not cover any loss or damage to goods caused by the technical condition of the means of transport used for the carriage of goods being unsuitable for carriage, or, in the case of maritime transport, by the ship being unseaworthy, or if the carriage of goods was not carried out by a self-propelled motor vessel with a steel hull or if it did not have a certificate of a member of the I.A.C.S. (International Association of Classification Societies).

VIII.3. The insurance cover provided by the insurer shall not extend to any cargo which was already damaged at the time the insurance cover commenced, unless this circumstance was brought to the insurer's attention when the insurance contract was concluded, and the insurer underwrote the insurance of the goods in the knowledge of this fact.

IX. EXEMPTION OF THE INSURER

IX.1. The insurer is exempted from its obligation to provide insurance service if the loss or damage is caused by the grossly negligent or intentional conduct of the policyholder/insured or their agent or employee (hereinafter collectively referred to as the policyholder/insured). It is considered such a case in particular, in addition to those specified in the GTC, where:

- a) the loss or damage occurred because the policyholder/insured breached any official, transport or safety regulations,
- b) the insured/policyholder failed to inform the carrier or the freight forwarder of the special risk of damage to the goods, instructions for the proper handling of the cargo, did not provide the necessary (package) markings and the damage occurred partly or wholly due to one of these circumstances,

- c) the loss of or damage to the goods is the result of incorrect loading, unloading or storage and the policyholder/insured has carried this out itself or knew or should have known about it,
 - d) the means of transport, container in which the insured goods were transported was unfit for carriage or overloaded or did not meet the generally accepted or officially prescribed requirements for the safe transport of goods and the policyholder/insured was aware of this at the time the transport started.
- IX.2. It shall be deemed gross negligence in particular if the loss or damage is caused by the policyholder/insured**
- a) while under the influence of alcohol or intoxicating substances,
 - b) acting without authorisation or in excess of its powers or duties;
 - c) during its activities in the absence of the personal and material conditions required by law or other mandatory provisions.
- IX.3. The insurer shall also be exempted if a final court decision, a statutory provision, a contract (e.g. a settlement, employment contract, collective agreement) or an employer's provision (e.g. a disciplinary decision) classifies the tortuous conduct of any of the persons listed in clause X.1 of the GTC as grossly negligent or intentional.**

X. OBLIGATIONS OF THE INSURED IN ADDITION TO THE PROVISIONS OF THE GTC (ÁVF) IN THE EVENT OF DISCOVERING A LOSS

- X.1.** Upon discovery of loss or damage to the goods, or if there are indications that loss or damage may have occurred, a written objection and/or reservation shall be submitted immediately to the carrier, warehouse, port authorities and all persons and organisations who may have caused the damage. The notices shall be presented, and the parties concerned shall be invited to the claim survey within 30 days of the loss or damage being discovered at the latest. The insurer shall be informed of the above and of the identity of the alleged person(s) causing the damage within 30 days of its discovery.
- X.2.** In the case of international transports, if the loss or damage is discovered only at the time of delivery to the consignee, the claims representative named in the policy schedule shall be involved in the recording and determination of the loss or damage. If the insurer has not appointed a claims representative or if it is impossible to appoint one, and if the loss or damage was discovered in transit before delivery, the nearest Lloyd's Agent or other independent loss adjuster shall be called upon to assess the loss or damage, with simultaneous notification to the insurer.
- X.3.** All costs incurred for the salvage operations and protection of the cargo, as well as for the prevention of further damage and claims assessment, shall be paid by the policyholder/insured when incurred, unless otherwise agreed. In respect of these costs, the insurer shall only provide service in the manner and up to the amount of the sum insured as specified in the policy.

XI. DOCUMENTS TO BE SUBMITTED IN THE EVENT OF ANY CLAIMS

The insurer may reimburse the damages and costs specified in the general and special insurance terms and conditions applicable to the insurance policy, subject to the provision of the documents specified therein.

The most important documents needed to settle a claim are:

- a) the original transport document,
- b) original invoice of goods,
- c) packing list,
- d) a detailed claims report (on the nature, extent, re-usability, residual value of the loss or damage),
- e) documents proving the specific damage or shortage of the transport branch (e.g. balance note, landing list; dive report, weight statement),
- f) documents proving the future use of the damaged goods (e.g. repackaging calculation, invoice for sale at a reduced price, etc.),
- g) an itemised repair cost estimate of the resources used and their unit prices,
- h) an itemised claim by the owner of the goods,
- i) a copy of the freight order,
- j) the injured party's claim against the carrier,
- k) photographs or video footage of the damaged goods (even in electronic format),
- l) official report and/or decision in case of fire and theft damage,
- m) in case of general average claims, documented details, damage apportionment.

XII. TERMINATION OF THE POLICY DUE TO NON-PAYMENT

- XII.1.** The insurance policy shall be terminated after 60 days from the due date of the premium, if the premium in arrears has not been paid by that date and the policyholder (insured) has not received a deferment or the insurer has not enforced the claim for the premium in court. If the policyholder has not paid the premium due in full but has paid part of it and the period covered by such premium falls on any date following the 60th day after the due date, the policy shall terminate on the last day of the period covered by such premium.
- XII.2.** The insurer may extend the termination of the policy and the term for seeking further legal (court) remedies by another 30 days, by informing the policyholder of this circumstance, requesting payment from the policyholder (insured) in writing. If the policyholder is in default of payment of the premium and the insurer initiates legal proceedings to enforce such premium, the premium calculated until the end of the insured period in question shall become due in one lump sum.
- XII.3.** Terminated insurance policies due to non-payment will not be re-established by subsequent payment of the insurance premium. The insurer shall reimburse the difference in premiums. The insurer shall not send a separate written notice of cancellation of a contract terminated for non-payment of the insurance premium but may claim the premium due until the termination of its coverage.
- XII.4.** The insurer shall not be obliged to set a special payment deadline in the event of late payment of the insurance premium.
- XII.5.** If only a part of the premium due has been paid, the contract will remain in force with an unchanged sum insured for a period proportional to the premium paid.

XIII. PROVISIONS DEROGATING FROM THE HUNGARIAN CIVIL CODE

This chapter contains a summary of the provisions of the special terms and conditions of the Marine Cargo Insurance which substantially derogate from the provisions of the Hungarian Civil Code (Ptk.).

Provisions of these terms and conditions which substantially derogate from the Hungarian Civil Code (Ptk.):

XIII.1. Termination of the policy due to non-payment

In derogation of Section 6:449 of the Hungarian Civil Code, pursuant to clause XII. of these terms and conditions, in the event of non-payment of the premium by the policyholder, the insurance policy shall terminate 60 days after the insurance premium is due. Furthermore, the insurer shall be entitled to extend the deadline of terminating the contract and the time limit for recourse to the courts. In the event of recourse to the courts, the premium due and unpaid for the insured period shall become due.

XIII.2. Payment of damage prevention and mitigation costs

In derogation of Subsection (3) of Section 6:463 of the Hungarian Civil Code, pursuant to clause VII.1.b) and X.3. of these Terms and Conditions, the insurer will reimburse the costs of mitigation other than the usual costs only with its prior consent and the policyholder/insured shall advance the costs of mitigation.

XIII.3. Derogating regulation for multiple insurance

In derogation of Section 6:463 of the Hungarian Civil Code, if the policyholder (insured) already has a property insurance contract with another insurance company for the same property(ies) and against the same perils at the time of conclusion of this policy (multiple insurance), the insurer shall provide insurance services only for damages not covered under the other (previous) insurance contract, if they arise from an insured event as defined in these terms and conditions (Clause VII.6.)

XIV. DEFINITIONS

XIV.1. Definitions of the events insured under the basic cover

fire: when the combustion process (an oxidation process accompanied by a combination of heat, flame, light and smoke) is formed in an unintended fire zone or is formed there but expands and can spread on its own.

lightning: the event in the occurrence of which the force and heat effect of the lightning strike causes damage to the insured property.

explosion: sudden force based on the tendency of gases, dusts or vapours (except for explosives) to expand. In the case of a closed section of space (tanks, boilers, pipelines, silos), an explosion occurs only if the wall is split to such an extent that the pressure difference within and outside such space is equalised suddenly.

storm: Storm: a storm is considered an insured event if weather-related wind movements (storm) with a threshold speed of 15 m/s (54 km/h) or more, or objects carried away by these wind movements, cause damage to the insured property.

rock fall, stone fall is considered an insured event if falling (moving) rock or stone fragments cause damage to the insured property.

landslide is considered an insured event if the earth mass causes damage to the insured property by a sudden, unexpected downward slide on a slope due to a change in the equilibrium of the ground.

earthquake: an earthquake is considered an insured event if an earthquake of magnitude 5 on the MSK-64 scale causes damage to the insured property.

flood: the permanent or intermittent overflowing of natural or artificial watercourses, lakes, reservoirs, etc., when the water overflows an area protected against flooding. The damaging effects of bunds and run-off water caused by high water levels on the protected side of flood protection embankments are also considered insured events.

XIV.2. Act of Terrorism

For the purposes of this condition, an act of terrorism shall mean, in particular, any act of violence, threat of violence endangering human life, material or immaterial property or infrastructure, which either advocates political, religious, ideological or ethnic purposes or is intended or likely to influence a government or to incite fear in a society in whole or on part.

XIV.3. Aesthetic damage

Aesthetic damage is any damage limited to the layers of surface painting or varnishing of the goods (e.g. scratches, staining).

Endorsements

By separate agreement, the terms and conditions of the insurance coverage provided by the insurer may be modified, notwithstanding the foregoing, in accordance with the following endorsements.

ADDITIONAL PERILS ENDORSEMENTS APPLICABLE ONLY TO INTERNATIONAL TRANSPORT

SZZ61 War perils

The insurer will compensate for damage to goods caused by acts of war, measures of war of any kind and their consequences, damage or destruction caused by abandoned mines, torpedoes, bombs and other warlike devices, and seizure, confiscation, detention, arrest or destruction of cargo by order of the authorities.

Even in the case of a policy concluded with this endorsement, the cover does not extend to damage caused directly or indirectly by a chemical, biological, biochemical, laser or electromagnetic or nuclear weapon.

SZZ62 Strike, riots, and civil commotions (SRCC)

The insurer will compensate for damage to goods in the event of civil commotions, uprisings, looting, strikes, malicious acts, sabotage and related damages.

SZZ63 Cooling equipment breakdown

The insurer will compensate for damage to goods transported at a controlled temperature due to a technical breakdown of the refrigeration equipment, provided that the breakdown results in a continuous loss of refrigeration equipment operation for more than 24 hours.

In the case of such damage, the insured's deductible shall be 20% of the amount of the damage, but at least HUF 200,000 per claim, which is deducted from the amount of the insurance service in any and all cases.

This endorsement shall not cover any loss or damage caused by violence, lack of fuel, improper operation, personal negligence (incorrect temperature setting, accidental shutdown, etc.). This endorsement shall not apply to any transport by means not equipped with a device for continuous recording of the temperature, or by refrigerated containers.

SZZ64 Pre-, post- and intermediate storage

Unless otherwise agreed, the insurance covers pre-, post- and intermediate storage, with the coverage agreed for the transport, at the insured location indicated in the policy schedule. Unless otherwise provided for in the policy, the maximum period of cover for pre-, post- and intermediate storage shall be 30 days per event.

ADDITIONAL ENDORSEMENTS APPLICABLE TO BOTH INTERNATIONAL AND DOMESTIC TRANSPORTS

SZZ27 Deductible for theft

In the event of theft and loss, the insured's deductible is 15% of the amount of the loss, but at least HUF 50,000 per occurrence, which shall be deducted from the amount of the insurance service in each and every case.

SZZ28 Deductible for breakdown

In the event of a breakdown, the insured's deductible is 10% of the amount of the loss, but at least HUF 50,000 per occurrence, which shall be deducted from the amount of the insurance service in each and every case.

SZZ29 Deductible for losses incurred during own transport

If the transport of the goods is carried out by the policyholder/insured itself, its deductible is 10% of the amount of the loss, but at least HUF 50,000 per occurrence, which shall be deducted from the amount of the insurance service in each and every case.

SZZ30 Deductible for damage to bulk goods

In the case of goods transported in bulk, the insured's deductible is 3% of the sum insured, but at least HUF 50,000 per occurrence, which shall be deducted from the amount of the insurance service in each and every case.

SZZ40 Transport of livestock

The policy concluded with this endorsement covers the transport of livestock as follows.

The coverage provided by the insurer includes losses due to the death of transported animals as a result of the occurrence of any perils of the basic cover and theft. The coverage provided by the insurer includes any loss or damage resulting from the loss of the insured animals if this is the consequence of an insured event.

Beyond the exclusions detailed in the policy terms and conditions, this insurance cover shall not extend to:

- any loss or damage caused by the natural death or drowning of animals,
- any loss or damage caused by the failure of refrigeration, heating and air-conditioning equipment, even if it is related to an insured event, and damage caused by incorrect adjustment of such equipment,

- any loss or damage caused by the effects of, or lack of infections, diseases, vaccinations and medicines during transport,
- the extra costs of medical treatment or compulsory slaughter and destruction necessitated by injuries sustained during transport,
- any loss or damage to transport and storage units (cages, crates, etc.) used for transporting livestock,
- the transport of sunny chicken, eggs, horses, pregnant animals and animals of special value.

SZZ41 Transport of motor vehicles, self-propelled working machinery

In the case of a policy includes this endorsement, the coverage provided by the insurer shall cover damage to the entire cargo or to the entire motor vehicle, working machinery or their individual (transported as separate units) components forming part of the cargo, due to any perils insured under the basic cover and theft, except for partial theft within the subassembly.

This insurance cover shall not include:

- any loss or damage caused by hail, damp, drenching and any consequential loss thereof,
- any loss or damage caused by rusting, scratching, abrasion and other aesthetic damage
- any loss or damage caused during rolling vehicles on/off the means of transport,
- any loss or damage caused by other perils listed in the exclusions of these terms and conditions,
- partial theft within units.

In the case of repairable damage, only the cost of repair or replacement will be reimbursed. Deterioration, depreciation and other consequential loss resulting from damage to the insured property are excluded from this cover. In the case of transporting used motor vehicles and working machinery, the policyholder/insured shall prepare a photographic or video documentation and a record of the existing damage before transport begins (after fixing such motor vehicles and working machinery on the trailer or means of transport) and submit these to the insurer in the event of damage, together with other documents required for the settlement of the claim.

If, due to the failure of submitting the records, it is impossible or doubtful to prove the occurrence of the insured event or the extent of the damage, the insurer shall reject the claim on the grounds that the relevant circumstances cannot be established.

The insurance shall not cover any vehicle rescuing activities.

SZZ42 Transport of removal household belongings

The insurance cover provided by the insurer for the transport of removal household belongings is limited to loss or damage attributable to events insured under the basic cover and to theft of the whole cargo, the entire packaging or the entire unit of belongings. **Partial theft of a packaging unit or a unit of belongings shall not be covered.**

Cover is limited to household effects of average value (as evidenced by an invoice or other means) that are commonly available in normal commercial transactions.

Jewellery, cash, antiques, collections, furs, special valuables and property exceeding HUF 300,000 (per unit) shall not be insured.

The insured shall attach to the insurance proposal a detailed itemised list of the items transported (which forms part of the insurance policy), indicating the value per unit of goods or package.

SZZ43 Photographs or video recordings

Photographs or video recordings of the insured property (from every side) shall be taken immediately before it is lifted onto the means of transport, including the date on which the recordings were taken, and must be submitted by the policyholder/insured to the insurer, along with other documents required to settle the claim in the event of damage.

If, due to the failure of submitting the records, proof of the occurrence of the insured event or the amount of the loss or damage becomes impossible or doubtful, the insurer shall not be obliged to provide its service.

SZZ44 Expert report

During the transport, an independent expert shall supervise, check and record all loading operations related to the transport, the suitability of the lifting and securing techniques and equipment used, and the means of transport used.

In case of any loss or damage, a copy of the report and minutes shall be submitted to the insurer.

If, due to the failure of recording and submitting such minutes, it is impossible to verify the occurrence of the insured event or the fulfilment of the obligation to prevent damage, or if it becomes doubtful, the insurer shall not be obliged to provide its service.

The costs of the expert shall be borne by the policyholder.

SZZ45 Transport of special valuables

In case of a policy concluded with this endorsement, the insurance provided by the insurer covers any loss or damage to the insured goods only if the following requirements are met:

- The transport may be performed only by using a reliable carrier well-known to the policyholder or the authorized freight forwarder on the basis of a previous contractual relationship or a well-known reliable carrier, with two drivers.
- The personal data of drivers (name, address, date of birth, place of birth, mother's maiden name) shall be verified on the basis of a document that is considered public document (driving licence, identity card, address card, passport, the identification number of which must also be recorded) and shall be recorded on a signed document.
- The vehicle involved in the transport shall be a closed-body vehicle (box-body or refrigerated vehicle) equipped with a positioning and tracking device (GPS).
- The transport shall start immediately to the destination after goods have been taken over, and, apart from stops for unavoidable reasons (e.g. technical breakdown), it may only be stopped in justified cases in a well-lit, camera-secured, busy petrol station or guarded car park for a maximum of 45 minutes.
- **For stops exceeding 45 minutes, insurance cover is only provided if such stop is made in a justifiable manner (with an invoice) in a guarded car park.**
- The vehicle shall not be left unattended. During stops, one of the drivers shall remain in the cab with the doors and windows closed.

Drivers shall have a working mobile phone, which shall be always switched on during the transport.

As a minimum, the GPS system of any vehicle shall provide the following services:

- 24-hour online connection to the remote monitoring centre
- panic button
- cargo hold area opening sensor
- indication in case of deviation from the route
- signal dropout monitoring
- saving data, min. 30 days retrievability

Loss or damage occurring in the absence of the above is not considered an insured event unless it is proven that they did not contribute to the loss or damage.

SZZ46 Heavy machinery, production lines, machining centres, other overweight, oversized and other types of goods transported on open type means of transport

In addition to the events listed in the exclusions section of these terms and conditions, in the case of a policy concluded with this endorsement, the insurance provided by the insurer shall not cover the following:

- **in the case of a transport on open type means of transport, loss or damage to the goods caused by hail, drenching, dampness and the consequences thereof (e.g. rusting, corrosion),**
- **loss or damage to the goods due to scratches, abrasions, discolouration and other aesthetic damage, as well as loss or damage being in connection with unpackaged or inadequately packaged goods,**
- **loss or damage to goods caused by warping and buckling, which have arisen without an insured event having occurred and in the absence of a proven and visible external cause,**
- **loss or damage to goods occurring during transport operations carried out by such means of transport which do not comply with the nature and/or safe transport of the goods or with the official requirements for participation in transport operations,**
- **loss or damage caused by the mechanical, electrical or electronic breakdown or malfunctioning of the insured property, unless it is proven that such loss or damage occurred during transport as a result of a justified occurrence of an insured event,**
- **loss or damage caused by non-compliance with official/transport safety requirements for the transport of oversized or overweight goods,**
- **loss or damage caused during the loading of the goods because the lifting equipment was unsuitable for loading those specific goods, or the company (or its employee) loading such goods did not have the necessary official authorisations for such activity or violated the relevant requirements for safe loading.**

The insurance cover provided by the insurer ceases at the time the goods are unloaded from the means of transport.

The further movement, placement, assembly, installation of the insured property on the site of operation shall not be insured.